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SUBJECT: MACRI AND SCIOLI ON THE POLITICAL SITUATION IN ARGENTINA

REF: BUENOS AIRES 866

Classified By: by CDA Kelly for reasons 1.4 (b) and (d)

¶1. (C) Summary: South Carolina Governor Mark Sanford and the CDA met with Argentina's two most prominent center-right politicians, Buenos Aires Governor Daniel Scioli and Buenos Aires City Mayor Mauricio Macri on June 12. Scioli, formally allied with the Kirchner government, appeared haggard and did not bother to defend the government's handling of the long-running farm crisis. Macri spoke with great disdain for the Kirchners and pledged, in the clearest terms that we've heard from him, his intention to run for Argentina's presidency in 2011. Macri is not, however, eager to see the Kirchners leave the scene before then. When asked by Gov. Sanford whether the Kirchner regime would make it to the end of its term, Macri replied, "I sure hope so." End Summary.

¶2. (C) South Carolina Governor Mark Sanford visited Argentina from June 25-27, and met with Argentine officials on June 26. Sanford, accompanied by the CDA, met separately with the country's two most prominent right-leaning politicians, Buenos Aires province Governor Daniel Scioli and Buenos Aires city Mayor Mauricio Macri. The difference between the two was striking: Scioli, a Kirchner ally, appeared beaten down and distracted, while Macri was animated and relaxed, despite his concern for the current situation.

Down and Out in La Plata

¶3. (SBU) Scioli began his meeting, which took place in Scioli's offices in the provincial capital of La Plata, with Sanford by noting that the country was enmeshed in a very difficult face-off between the GOA and farm sector which began, he said, "as a result of the tax measures that the government insisted on implementing." He did not defend the GOA's position, but noted grimly that 93% of the territory in his province was occupied by farmers, and that soybeans, the crop at the heart of the current crisis, was an important crop for many of his constituents.

¶4. (U) Scioli spent the rest of the meeting asking the governor about South Carolina's success in attracting foreign investment and noting the similarities between the economies of his province and South Carolina.

The Mayor: Hat in the Ring?

¶5. (C) The Governor and CDA met Mayor Macri later on June 26 at the Buenos Aires City Hall. The mayor opened by indicating that Argentina's main problem at present is the ruling couple, who are governing in a dysfunctional way. The governor asked whether Macri would help retire the Kirchners from public life by running for president in the next

election. Macri responded: "I will. I'm going to go for it."

¶16. (C) When Sanford asked if President Cristina Fernandez de Kirchner's regime would last to the end of its term, Macri replied, "I don't know. I hope so." He explained that the failure of an elected government to make it to the end of its term would be a "calamity" for Argentina. Nor, he said, would it be convenient for him. He had much to do to make the capital city more livable and dynamic, and he wanted to complete his work as mayor without the distraction of a collapsing federal government.

¶17. (C) Macri was not shy in expressing his disdain for the first couple, especially ex-president Nestor Kirchner. "(Nestor) Kirchner is completely crazy," he told the Governor. "All of the favorable external circumstances in Argentina's favor over the last few years obscured that from people's view, but now it's clear. He's just crazy." Citing President Bush, PM Zapatero, Chancellor Schroeder, and a host of other international leaders who had personally experienced the former Argentine president's incivility, Macri complained that no foreign leaders had stood up to Kirchner and made him pay for his rudeness and defiance. This encouraged Kirchner to believe that his confrontational approach to politics had no costs. Now, Macri said, "we're paying the price" in Argentina, starting with the country's lack of access to international capital markets.

¶18. (C) Noting challenges that still confront his state, Governor Sanford asked for any advice Macri might have in advancing reform. Macri replied that "the United States has nothing to learn from Argentina. We need to learn from you."

He told the governor that, a century ago, the GDP of Argentina was roughly 80% of that of the United States, even though it was a much smaller country. Now, Argentina's GDP was fifty times smaller than U.S. GDP. With the right policies, he continued, Argentina could reverse this "reverse development" over a span of 40 years time. He hoped that the reformist era in national politics would begin in 2011.

Comment

¶19. (C) The two meetings suggest that the relative proximity of politicians to the GOA is a useful gauge of their morale and confidence. Despite his graciousness to the visiting governor, Scioli was a mess, sweating profusely, losing his train of thought, and appearing like he hadn't slept in days.

This was not the poised, smooth former Vice President in the Nestor Kirchner administration whom we know so well. Our best guess is that the farm strike has taken a toll on him. He is walking a tightrope between his poor constituents in the working class districts that ring the Buenos Aires metropolitan area and the defiant countryside that covers much of the territory that he governs. His earlier efforts to mediate have been disabled and sabotaged by the Kirchners.

Now, he must suffer in silence as the Kirchners try to bludgeon farmers (including many of his constituents) into submission.

¶110. (C) Scioli has long been known to have Presidential ambitions, and our contacts say his best chances for making a bid in 2011 is to break with the Kirchners sooner rather than later. Scioli's approval ratings have taken a hit during the protracted farm dispute, with his approval rating dropping to 34% (from 58% pre-farm strike) and "neutral" rating rising to 46% (from 22%). Our sources opine that if the agricultural sector is not appeased by the ultimate outcome in the Congress regarding the variable agricultural export taxes, he will have to break with the Kirchners to survive politically.

Given his province's financial dependence on the federal government, however, it's not clear whether he will be willing to make the break.

¶111. (C) Macri, on the other hand, seemed fired up and ready to take the Kirchners on -- in due course. After spending

much of the farm crisis on the sidelines ("the city doesn't grow soybeans," he explained to the governor), Macri has recently become more assertive on the issue, taking on the federal government in this week's battle (reftel) over the placement of tents on city property adjacent to the Congress by GOA supporters. His statement of intent to run for president in 2011 was the clearest that we've heard from him.

It may be that the Kirchners' declining fortunes have convinced him that the future looks brighter than ever for an anti-Kirchner, non-Peronist politician like himself. Scioli's glumness may reflect the same realization.

¶12. (C) Political analysts doubt, however, that Macri can win without a national party structure behind him. Our contacts within Macri's party, Propuesta Nacional, tell us that building a national party structure will take years to accomplish. Macri's major weakness is that he has not reached out to other mayors and provincial governors in an effort to build national support. Speculation among the political class currently suggests that Macri will have to cut a deal with dissident Peronist leader Eduardo Duhalde in order to claim the Casa Rosada in 2011. But if Scioli makes his move first, Macri's chances of winning will decline, even if he forges an alliance with the center-left Civic Coalition headed by Elisa Carrio. Even so, Macri does not seem to be in a hurry to cut any deals with the Peronist Party just yet.

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